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SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

► VISION

SAMA is the recognized leader and authority on property assessment, and Saskatchewan's service provider of choice.

► MISSION

SAMA develops, regulates and delivers a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

To do this we focus on six key responsibilities:

Governance

We provide leadership in methods of valuation and rules of assessment.

Assessment Services

We provide property assessment valuation services.

Information

We manage a comprehensive source of property assessment information for local governments, the Province, and other clients.

Quality

We promote and practice quality control and conduct quality assurance audits.

Communications

We consult with and inform local governments and the public about property assessment.

Innovation

We incorporate best practices and utilize appropriate new technologies.

► SAMA CORE VALUES

Integrity

We practice ethical and high professional standards. We conduct our business with honesty and respect for others, by honouring our commitments, and being accountable for our actions.

Professionalism

We are experts in our field, and value continuous learning and training to ensure we deliver quality products and services.

Dedication

We are committed to improving every aspect of our property assessment system. We see every challenge as an opportunity to succeed.

Solution-Focused

We work collaboratively with others to understand needs and provide the best possible solutions.



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LETTER OF TRANSMITTAL FROM THE MINISTER

The Honourable Vaughn Solomon Schofield
Lieutenant Governor
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4T 1B7

Your Honour:

I have the honour to submit the 2013 Annual Report for the Saskatchewan Assessment Management Agency.

The Saskatchewan Assessment Management Agency operates on the calendar year. This report documents the period January 1, 2013 to December 31, 2013.

Respectfully submitted,



A handwritten signature in dark ink, appearing to read 'Jim Reiter', written over a light-colored background.

Jim Reiter
Minister of Government Relations



LETTER OF TRANSMITTAL FROM THE CHAIR

Honourable Jim Reiter
Minister of Government Relations
Room 307, Legislative Building
Regina SK
S4S 0B3

Mr. David Marit, President
Saskatchewan Association of Rural Municipalities
2075 Hamilton Street
Regina SK
S4P 2E1

Mayor Debra Button, President
Saskatchewan Urban Municipalities Association
200, 2222 - 13th Avenue
Regina SK
S4P 3M7

Dear Sirs/Madam:

On behalf of the Board of Directors, I respectfully submit the 2013 Annual Report of the Saskatchewan Assessment Management Agency. The information in this report documents the period January 1, 2013 to December 31, 2013.

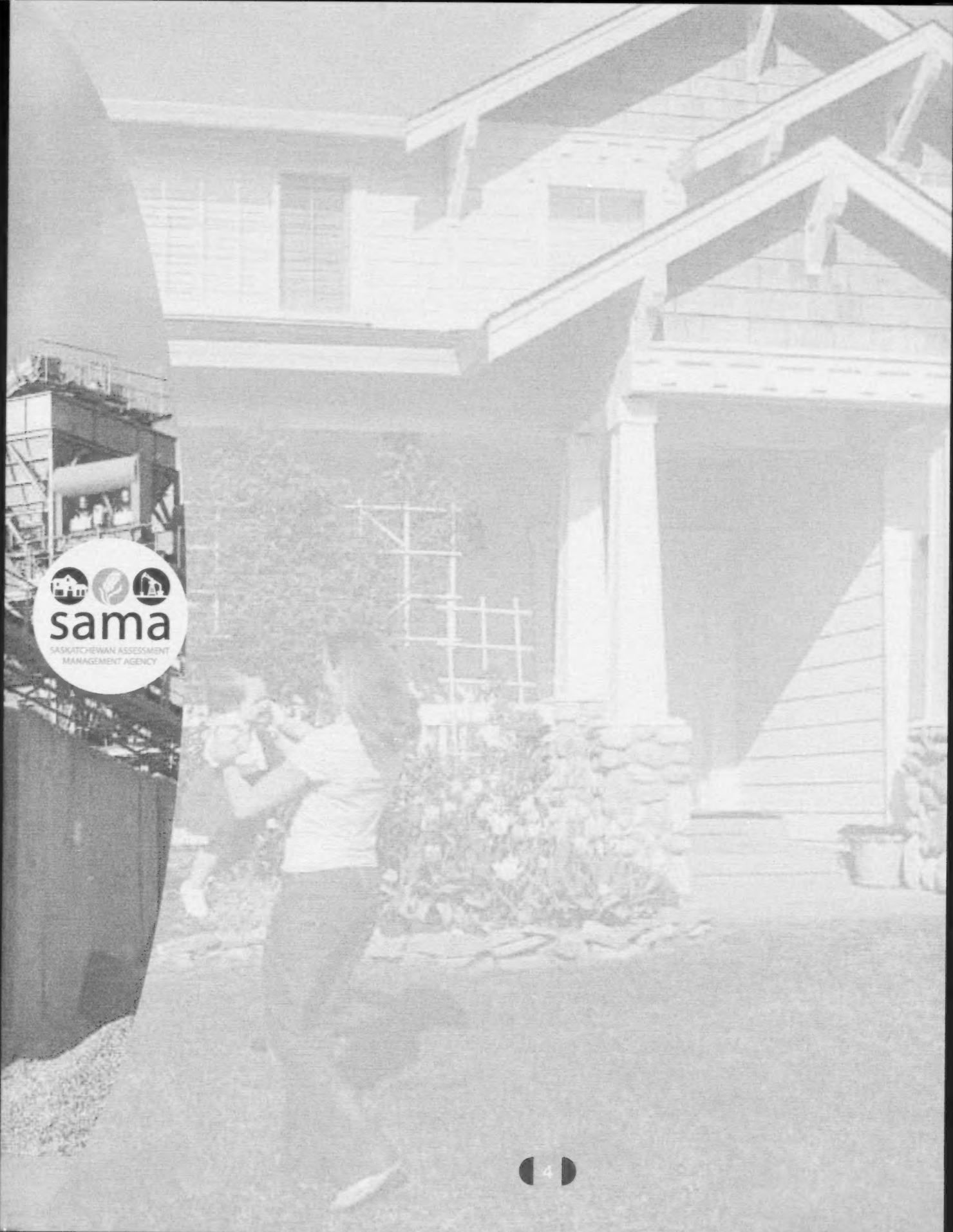
Yours sincerely,



A handwritten signature in cursive script, appearing to read "Neal Hardy".

Neal Hardy
Chair, Board of Directors

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SAMA BOARD OF DIRECTORS



L to R: Jim Angus, representing the Province; Wade Murray, representing Urban; Morgan Powell, representing Rural; Myron Knafelc, representing the Province; Neal Hardy, Chair, representing the Province; John Wagner, representing Rural; Al Heron, representing Urban.

Board members Sharon Armstrong and Fred Clipsham's terms of service expired in January, 2013.

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CORPORATE PROFILE

The Saskatchewan Assessment Management Agency (SAMA) is the recognized leader of property assessment in Saskatchewan.

SAMA was formed in 1987 by *The Assessment Management Agency Act* to develop a fair property assessment system, and to provide municipalities and school divisions with cost-effective assessment services.

Responsibility for both the assessment system and assessment services – formerly held by the provincial government – was given to the independent Agency based on the recommendation of the Local Government Finance Commission. The Commission stated that the change would overcome a lack of local government authority in the assessment function, ensure adequate resources for the long-term, provide needed research and policy development and establish a higher priority for the assessment function.

In 2013, SAMA was funded jointly by the Province and municipalities. The Agency received statutory funding from the Province for provincial program services: assessment policy research, a central database of assessment information, assessment information for provincial programs and quality assurance. Since 2010, statutory funding provided by the government also includes funding for the education sector. The balance of the Agency's revenue was primarily provided by the municipalities that use the Agency's assessment services, and was obtained through a municipal requisition.

SAMA is responsible for a \$160 Billion property assessment base, and a \$1.64 Billion property tax base. In 2013, the Agency provided assessment valuation services to 756 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 818,000 properties in the province. For 2014, 10 municipalities will be opting in to SAMA bringing the total number of municipalities that receive assessment services from the Agency to 766.

SAMA's central office is located in Regina. The Agency provides assessment services to municipalities from seven regional offices – Melfort, North Battleford, Regina, Saskatoon, Swift Current, Weyburn and Yorkton. In 2006, SAMA began providing assessment services under a fee-for-service contract to the City of Moose Jaw. The Agency maintains an office in Moose Jaw as part of that contractual agreement.



ORGANIZATION



BOARD OF DIRECTORS

CEO

TECHNICAL STANDARDS AND POLICY DIVISION

ASSESSMENT SERVICES DIVISION

FINANCE DIVISION

ADMINISTRATION DIVISION

QUALITY ASSURANCE DIVISION

FUNCTIONS

- Revaluation
- Field Work (Maintenance, Reimbursements)
- Support of Value
- Data Entry

FUNCTIONS

- Budgeting
- Accounting
- Asset Management
- Financial Reporting
- Procurement
- Office Accommodation

FUNCTIONS

- Managing Director, Quality Assurance reports directly to the Board respecting self Confirmation and Audit Services.

LIAISON AND POLICY

TECHNICAL STANDARDS

FUNCTIONS

- Principal liaison with provincial government and cities
- Special projects

FUNCTIONS

- Assessment Manual, Training, Interpretation and Guidance Support

COMMUNICATIONS

HUMAN RESOURCES

INFORMATION SERVICES

FUNCTIONS

- Public Education
- Community Relations
- Stakeholder Relations
- Issues Management
- Strategic Planning
- Media Relations

FUNCTIONS

- Collective Bargaining
- Employee Relations
- Staffing and Classification
- Benefits Administration
- Central Records Keeping
- Training

FUNCTIONS

- Database Management
- Systems Development
- Technical Support

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BOARD STRUCTURE, MANDATE AND ROLE

The SAMA Board of Directors (the Board) is responsible for the regulation of assessment policies and governance of the property assessment system used by all urban, northern and rural municipalities in the province. This includes oversight responsibility to ensure SAMA is regulating assessment valuation procedures, conducting assessment research, consulting on policy with the provincial government, the public, municipal governments and assessment stakeholders, confirming municipal assessment rolls, maintaining a central information database and undertaking quality assurance functions, including primary and secondary audits. SAMA consults extensively to ensure the implementation of equitable and understandable assessment policies for property owners.

► BOARD STRUCTURE

For 2013, the Agency's seven-member Board of Directors, appointed by the Lieutenant Governor in Council, consisted of:

- | three members named by the Ministry of Government Relations including the Board Chair;
- | two members named by the Saskatchewan Association of Rural Municipalities (SARM);
- | one member named by the Saskatchewan Urban Municipalities Association (SUMA) for urban and northern municipalities under 30,000; and
- | one member named by SUMA for cities with a population exceeding 30,000.

Board members are appointed for a maximum three-year term, and may be reappointed to subsequent terms.

The officers of the Board are the Chair and Vice-Chair. The Minister of Government Relations appoints the Chair, whereas the Board elects the Vice-Chair.

The role of the Board Chair is to ensure the integrity of the Board's processes. The Chair is the only authorized Board member to act as public and media spokesman for the Board, unless specifically delegated to another Board member.

The role of the Vice-Chair is to assume the role of Board Chair when the Chair is absent or unable to act. All Board members are eligible for election as Vice-Chair.



BOARD STRUCTURE, MANDATE AND ROLE

► GENERAL RESPONSIBILITIES OF THE BOARD

The Board's role is to govern SAMA's affairs within the framework of relevant legislation and standards. The Board is responsible for achievement of the Agency's mission, for its stability and for communicating with stakeholders and other organizations to ensure that issues brought forward by SAMA's clients are dealt with adequately. The Board is also responsible for ensuring that it has sufficient information to monitor major areas of corporate performance.

The Board's primary responsibilities fall within nine general areas: statutory responsibilities, planning, financial stewardship, human resources stewardship, performance monitoring and accountability, risk management, community representation and advocacy, management of critical transitional phases and complaints review.

The Board's responsibilities include:

- | Overseeing development and approval of a long-term corporate plan and approving annual budgets and operating plans.
- | Defining and safeguarding the organizational mission, the values framework and operating principles within which it expects the Agency to be administered, and to review these periodically.
- | Selecting a Chief Executive Officer (CEO) to whom the responsibility for administration of the Agency is delegated.
- | Securing sufficient resources for the Agency to finance its programs adequately.
- | Being accountable to the public and funders for the services of the Agency and expenditures of funds.
- | Regularly reviewing the Agency's services to ensure that they are consistent with the purpose of the Agency, and that its programs are effective and relevant to community needs.
- | Representing the Agency and its programs to stakeholders, and acknowledging stakeholder concerns.

The Board focuses on strategic leadership rather than administrative detail, highlighting important policy rather than operational matters.

► ACCOUNTABILITY

The Board is accountable to the Province of Saskatchewan and those municipalities that provide funds for the operation of the Agency. The Board is also accountable, in a more general sense, to exercise good stewardship of the Agency on behalf of the trust placed in it by the province, local governments, the general public and other stakeholders.

► RELATIONSHIP TO STAFF

The Board provides oversight and guidance to the CEO to ensure that SAMA's staff work cooperatively to carry out the objectives of the Agency. The Board relies on the ability, training, expertise and experience of staff to plan for, and provide services within, the Agency's mandate.



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CHAIR'S REPORT

As Chair of the SAMA Board of Directors, I am committed to the overall success of SAMA and the Saskatchewan assessment system in general. The decisions and the strategic directions the Board charts for the Agency will affect the assessment system in the province for years to come. This requires that SAMA be held to a high standard as the Agency seeks to fulfill its Vision and Mission. By ensuring that the Agency's objectives are being met, and that we are continually improving our business processes, the Board makes certain SAMA is meeting the obligations set out in *The Assessment Management Agency Act*.

LOOKING FORWARD - 2013-2017 STRATEGIC DIRECTIONS

SAMA has set out four new strategic directions for 2013-2017:

1. Establish new stakeholder supported funding model.
 - The Agency would seek new funding through fee for service options, and look into a cost-shared capital funding plan for new technology.
2. Simplify and streamline to improve efficiency and effectiveness.
 - The Agency is looking to reduce time spent on revaluations, to simplify our valuation models and to put a priority on reinspections.
3. Use policy, process and technology changes together to dramatically increase property inspections.
 - SAMA is looking to double the Agency's production rate by 2017, allowing the Agency to inspect our entire inventory of properties over a 12-year cycle following 2017.
4. Strengthen the capabilities of all employees.
 - The Agency will seek to maintain a skilled and experienced workforce.

The proposed strategic directions, along with the supporting details, were brought to the SAMA Board for adoption on January 30, 2013.

Following adoption of the strategic directions in January 2013, SAMA administration proceeded with the development of the 2014-2017 Business and Financial Plan, including a 2014-2017 funding plan. The funding plan was developed in consultation with the Agency's funding stakeholders (Government Relations, SARM, SUMA) during the first half of 2013 and shared with our municipal clients through a series of SARM and SUMA regional meetings between June and October 2013. The objectives of the organisation over the next four years and the associated four year funding plan were positively received by our clients and stakeholders at each of the regional meetings.

CHAIR'S REPORT

► PRIORITY AREAS FOR THE BOARD IN 2013

► 2013 REVALUATION

SAMA updated assessments in 2013 to capture the change in value caused by growth in the province, ensuring that property assessments are transparent, understandable and accurate for our clients: taxpayers, local governments and the provincial government.

SAMA conducts revaluations based on a four-year cycle. 2009 was the year of the previous revaluation, and the 2013 Revaluation saw assessed values updated to reflect a new base date of January 1, 2011. The base date is the date to which all assessed values are related.

For 2013, the Board was focused on implementing the revaluation in an open and transparent fashion. There was a clear focus on communicating value changes well in advance of the January 1, 2013 implementation date to give municipalities and government enough time and information to make informed decisions regarding the upcoming values. More detailed information about the 2013 Revaluation is available later in this document in the Executive Report.

► GROWTH AND OPPORTUNITY

The Saskatchewan Assessment Management Agency is responding to meet the challenges and opportunities that come with a vibrant and growing economy. The agency continues to make changes that enable us to meet the demands of Saskatchewan's strong economy, and to provide municipalities the resources they need to succeed and grow in the new economy.

Continued positive economic growth for Saskatchewan in 2013 resulted in continued growth in property assets within Saskatchewan municipalities. The assessment of additional property assets increases the revenues available to municipalities and to the education sector.

Residential and commercial building accounts grew by 2.4% to 220,286 accounts and industrial property accounts grew by 3.4% to 120,055 accounts. Through the ongoing review of our assessment and business processes using the Lean philosophy and the innovativeness of our staff, we have been able to maintain services and handle the increased workload again in 2013.



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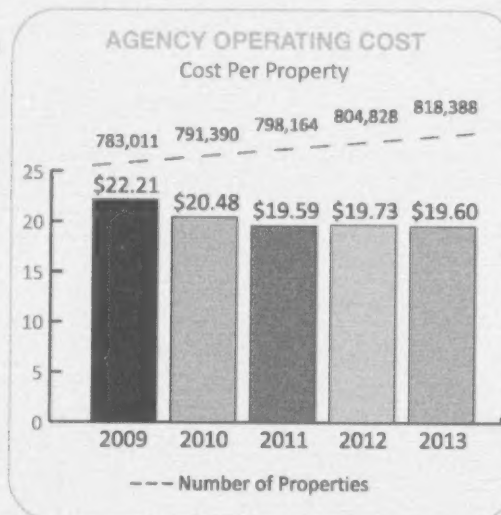
CHAIR'S REPORT

▶ OPERATING COSTS

The agency has reduced operating costs per property by 11.75% over the past four years – from \$22.21 per property in 2009 to \$19.60 per property in 2013.

These reduced operating costs can be attributed to a combination of funding reductions (\$1.39 million in 2010) and no changes to funding levels in 2011 and 2012, combined with an increasing inventory of assessable properties. The agency's assessable property inventory has increased 4.5% since 2009.

While operating costs have been reduced, the implementation of Lean business process improvements over the past four years has effectively offset any significant negative impact on the agency's services to client municipalities and the provincial government.



Annual maintenance, revaluation and support of value services have been maintained and in many aspects improved over this period of time. A major program objective that has not been achieved is the property reinspection program.

▶ BETTER OUTCOMES

The agency is implementing ways to deliver our services with better outcomes for our clients and stakeholders. This new level of service delivery is improving the ability of client municipalities, the provincial government and the Saskatchewan public to move ahead by attaining timely and accurate property assessments in a rapidly growing economy.

SAMA continues to strive towards moving the annual maintenance program forward on the calendar with more of the work being completed before year-end. The Agency has also become more client-focused by giving clients the flexibility to request delivery of their maintenance program by a specific date that works best for them.

SAMA will begin developing major technology upgrades in 2014 that will lead to further efficiency gains as the components of the new technology are implemented from 2014 to 2017. The upgrades will include enhancements to our Govern computer system, handheld computers and Geographic Information System (GIS) technology that will increase employee efficiency and allow staff to spend more time in the field conducting inspections. SAMA expects these improvements to reduce the current reinspection cycle from 40 to 50 years down to 12 years (following the completion of the upgrades).

SAMA also piloted new agricultural land inspection methods in 2013. New agricultural land inspection methods will help to decrease the appraiser effort required per inspection.

During 2013 SAMA began work on amending assessment policies for the 2017 revaluation cycle. The agency researched, completed an impact analysis, reviewed and received approval to implement new simplified residential valuation models from advisory committees and the SAMA Board. Furthermore, the agency built prototypes of the new residential and commercial cost models in the Govern system's test environment.

CHAIR'S REPORT

► 2014 – 2017 BUDGET AND FUNDING PLAN

The Board, in consultation with SUMA, SARM and the provincial government, focused on potential changes to SAMA's funding model in 2013 and considered a variety of options ranging from cost shared funding between the province and municipal sector for new technology to a fee for service model to provide incremental revenue to sustain the Agency's capacity to continue to support the growth of our client municipalities. The work of establishing a new stakeholder supported funding model for SAMA continued to be a focal point in 2013.

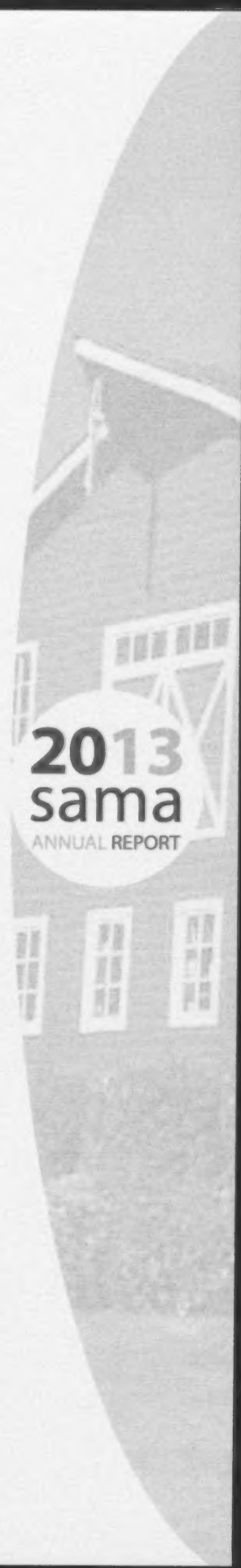
Starting in 2014, SAMA will be implementing an update to our funding formula that will see changes to how the assessment system is supported. Going forward, Government would continue to pay 100% of the cost of SAMA's governance functions (\$6 million in 2014). The Province would also pay 38% of SAMA's remaining operations costs. Municipalities would pay 62% of remaining operations costs.

SAMA will transition from an overall 63:37 funding split for Government and Municipalities, to a 60:40 split over the next two years, levelling off in 2016.

► TIMELY DELIVERY OF ASSESSMENT SERVICES

In 2013 the Board continued to be focused on timely delivery of annual assessment maintenance, increasing the volume of inspections, and improving the way the organization operates, with particular emphasis on how the Agency can simplify our processes and better meet our client's needs going forward.

Neal Hardy,
Chair, Board of Directors



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ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

The SAMA Board maintains advisory committees to review policies and practices respecting assessments and to make recommendations to the Board concerning those policies and practices. Three of these committees are statutory:

- | Urban Advisory Committee, representing urban and northern municipalities under 30,000 population;
- | City Advisory Committee, representing cities with a population over 30,000; and,
- | Rural Advisory Committee, representing rural municipalities.

One additional committee has been established by the Board:

- | Commercial Advisory Committee, representing commercial and industrial property owners and others with similar interests;

SAMA also maintains a number of administrative committees to receive input and consultation on more detailed, procedural, technical and legislative issues:

- | The City Assessors/SAMA Committee is a working committee comprised of assessment professionals representing all assessment service providers in the province including SAMA, the cities of Prince Albert, Regina, Saskatoon, Swift Current and a private contractor, CD Consulting. Two SAMA Board members sit as observers on the committee.

The committee provides a venue for these assessment professionals to meet on a regular basis to communicate, examine, discuss and provide recommendations on assessment specific topics regarding provincial level assessment policy, revaluation cycle programs, reinspection programs, support of value, quality assurance and mass appraisal best practices.

The committee has established and maintains a sub-committee called the Commercial Revaluation Team that is tasked to examine and give recommendations to the committee on more technical assessment issues relating to the upcoming 2013 Revaluation.

- | The Legal and Legislative Review Committee represents legal counsel and technical experts from SAMA, the Cities, the Saskatchewan School Boards Association and the provincial ministries of Government Relations, Education and Justice and Attorney General. This group provides the Agency with valuable input and feedback on any proposed regulatory or legislative changes.

In addition to regular meetings of the advisory committees, SAMA holds an annual meeting, to which municipalities can send voting delegates. Business conducted at the meeting includes:

- | hearing the annual report of the Board of Directors;
- | considering and adopting resolutions put forth by municipalities;
- | considering changes proposed by the Agency to assessment legislation; and
- | considering any reports made by the Agency on matters such as assessment policy or practice and assessment administration.



ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

► CITY ADVISORY COMMITTEE - AS AT DECEMBER 31, 2013

The City Advisory Committee is responsible for cities with a population exceeding 30,000 (Moose Jaw, Prince Albert, Regina, and Saskatoon).

► CITY ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
Wade Murray, Committee Chair	SAMA Board Member, City Sector
Neal Hardy (ex officio)	SAMA Board Chair
John Wagner	SAMA Board Member
Vacant	City of Moose Jaw
Deb Higgins	City of Moose Jaw
Terry Hegel	City of Prince Albert
Mark Tweidt	City of Prince Albert
Deborah Bryden	City of Regina
Vacant	City of Regina
Marlys Bilanski	City of Saskatoon
Ann Iwanchuk	City of Saskatoon
Debra Button	Saskatchewan Urban Municipalities Association (SUMA), Board Member
Vicky Bonnell	Saskatchewan School Boards Association (SSBA), Trustee
Dwain Weeks	Saskatchewan Assessment Appraisers' Association (SAAA)

OBSERVERS:

John Edwards	Ministry of Government Relations
Kevin Waugh	Saskatchewan School Boards Association (SSBA), Trustee
Laurent Mougeot	Saskatchewan Urban Municipalities Association (SUMA), Administration
Vacant	City of Moose Jaw
Vacant	City of Prince Albert
Don Barr	City of Regina
Les Smith	City of Saskatoon
Irwin Blank, CEO	SAMA

ADMINISTRATIVE SUPPORT:

Shaun Cooney, Committee Secretary	SAMA
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ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

► COMMERCIAL ADVISORY COMMITTEE - AS AT DECEMBER 31, 2013

The Commercial Advisory Committee is responsible for reviewing policies and practices respecting assessment, especially as they relate to commercial property, and to make recommendations to the Board concerning these policies and practices.

► COMMERCIAL ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
Neal Hardy, Committee Chair	SAMA Board Chair
Al Heron	SAMA Board Member, Urban Sector
Morgan Powell	SAMA Board Member, Rural Sector
Jim Angus	SAMA Board Member
Myron Knafelc	SAMA Board Member
Sarah Marchildon	Saskatoon Broadway Business Improvement District
Vacant	Regina Downtown Business Improvement District
Vacant	Saskatoon Regional Economic Development Authority
Rob Lawrence	Association of Saskatchewan Realtors
Kevin Johnson	Association of Saskatchewan Realtors
Vacant	Saskatchewan Chamber of Commerce
John Hopkins	Regina & District Chamber of Commerce
Marilyn Braun-Pollon	Canadian Federation of Independent Business
Ryan Weir	Building Owners and Managers Association
Roger Leachman	Canadian Property Tax Association
Alan Thomarat	Saskatchewan Home Builders' Association
Tom Mullin	Saskatchewan Hotel & Hospitality Association
Vacant	National Golf Course Owners Association, Saskatchewan Chapter
Shawn Graham	Inland Terminal Association of Canada
Reg Hinz	Western Grain Elevator Association Tax Committee
Ken Marsh	Canadian Energy Pipeline Association
Devin Wegner	Canadian Association of Petroleum Producers
Randle Green	Saskatchewan Mining Association
Kevin Olmstead	Railway Association of Canada
Denise Stroeder	Tourism Saskatchewan
Robert Schultz	Saskatchewan Assessment Appraisers' Association
Grace Muzyka	Saskatchewan Association of the Appraisal Institute of Canada
Ken Patsula	Public Works and Government Services Canada
Lana Nikonetz	Council of Saskatchewan Forest Industries

OBSERVERS:

Norm Magnin	Ministry of Government Relations
Jeremy Karwandy	Ministry of Economy
Gerry Krismer	City of Regina
Les Smith	City of Saskatoon
Terry Hegel	City of Prince Albert
Vacant	City of Moose Jaw
Vacant	City of North Battleford
Michael Kehler	City of Swift Current
Irwin Blank	SAMA CEO

ADMINISTRATIVE SUPPORT:

Gord Larson, Committee Secretary	SAMA
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ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

► RURAL ADVISORY COMMITTEE - AS AT DECEMBER 31, 2013

The Rural Advisory Committee is responsible for rural municipalities.

► RURAL ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
John Wagner	SAMA Board Member, Rural Sector
Morgan Powell	SAMA Board Member, Rural Sector
Neal Hardy (ex officio)	SAMA Board Chair
Jim Angus	SAMA Board Member
Jeannie DeRochers	SARM Division 1
Brent Evans	SARM Division 2
John Chavtur	SARM Division 3
David Popowich	SARM Division 4
Doug Oleksyn	SARM Division 5
Gordon Meyer	SARM Division 6
Ray Orb	Saskatchewan Association of Rural Municipalities (SARM), Board Member
Garry Dixon	Provincial Association of Resort Communities of Saskatchewan (PARCS)
Val Hvidston	Saskatchewan School Boards Association (SSBA), Trustee
Roger Frey	Saskatchewan Assessment Appraisers' Association (SAAA)

OBSERVERS:

Jane Laich	Ministry of Government Relations
Dale Harvey	Saskatchewan Association of Rural Municipalities (SARM), Administration
Audrey Trombley	Saskatchewan School Boards Association (SSBA), Administrator
Lori McDonald	Rural Municipal Administrators Association of Saskatchewan (RMAA)
Irwin Blank	SAMA CEO

ADMINISTRATIVE SUPPORT:

Steve Suchan, Committee Secretary	SAMA
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ADVISORY COMMITTEES TO THE BOARD OF DIRECTORS

► URBAN ADVISORY COMMITTEE - AS AT DECEMBER 31, 2013

The Urban Advisory Committee is responsible for urban and northern municipalities, excluding cities with a population exceeding 30,000.

► URBAN ADVISORY COMMITTEE MEMBERS

MEMBER	ORGANIZATION
Al Heron, Committee Chair	SAMA Board Member, Urban Sector
Wade Murray	SAMA Board Member, City Sector
Neal Hardy (ex officio)	SAMA Board Chair
Myron Knafelc	SAMA Board Member
Sheryl Spence	SUMA (Cities)
Walter Strelasky	SUMA (Cities)
Barry Elderkin	SUMA (Towns)
Allan Earle	SUMA (Towns)
Barry Gunther	SUMA (Villages)
John Quinn	SUMA (Villages)
Malcolm Eaton	Saskatchewan Urban Municipalities Association (SUMA), Board Member
John Quinn	Provincial Association of Resort Communities of Saskatchewan (PARCS)
Lois Smandych	Saskatchewan School Boards Association (SSBA), Trustee
Gerry Krismer	Saskatchewan Assessment Appraisers' Association (SAAA)

OBSERVERS:

Kelly Munce	Ministry of Government Relations
Laurent Mougeot	Saskatchewan Urban Municipalities Association (SUMA), Administration
Curt Van Parys	Saskatchewan School Boards Association, Administrator (SSBA)
Rod Audette	Urban Municipal Administrators Association of Saskatchewan (UMAAS)
Irwin Blank, CEO	SAMA

ADMINISTRATIVE SUPPORT:

Todd Treslan, Committee Secretary	SAMA
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SAMA EXECUTIVE TEAM



L to R: George Dobni, Managing Director, Finance; Brad Korbo, Managing Director, Assessment Services; Irwin Blank, Chief Executive Officer; Penny Gingras, Executive Assistant; Steve Suchan, Managing Director, Technical Standards and Policy; Gordon Senz, Managing Director, Quality Assurance; Betty Rogers, Managing Director, Administration.

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CEO REPORT

SAMA's responsibilities for the governance of the overall assessment system in Saskatchewan, and the provision of assessment services to our client municipalities, allow the Agency to provide a financial foundation for municipalities and the education sector that they can use to establish and sustain local programs and services. By maintaining an assessment system that has reasonable costs, and delivering comprehensive, professional and equitable assessment services to all municipalities, SAMA supports continued local autonomy for municipalities of all sizes.

2013 was a year of challenge, success and transition for the Agency. Through the dedication of all of our staff and Board, and the support of our client municipalities, SAMA was able to meet the challenge of delivering the new 2013 assessments to each of our client municipalities and supporting those assessments through the inquiry and appeal processes. Throughout 2013, SAMA's staff worked hard to demonstrate the Agency's core values by being respectful of everyone they dealt with, acting with integrity, professionalism, and dedication and being solution focused.

The Agency was also very thankful to receive support from the provincial government for our 2013 budget and from our municipal stakeholders for updating our funding model going forward. This provincial and municipal support allows SAMA to sustain this essential service, and opens the door for the Agency to build our capacity to better serve our clients and the Saskatchewan public in the future. This will be achieved through a combination of efficiency gains, simplification of valuation policies and development and implementation of new technologies over the next four years. All of us in SAMA are looking forward to continuing to successfully meet the challenge of supporting the growth of the province and providing a fair, equitable and stable financial foundation for use by local and provincial governments to provide essential municipal and education services across the province.

► REVALUATION 2013

SAMA updated assessments in 2013 to capture the change in value caused by growth in the province, ensuring that property assessments are transparent, understandable and accurate for our clients: taxpayers, local governments and the provincial government.

SAMA conducts revaluations based on a four-year cycle. 2009 was the year of the previous revaluation, and the 2013 Revaluation saw assessed values updated to reflect a new base date of January 1, 2011. The base date is the date to which all assessed values are related.

Since the 2009 Revaluation, the province of Saskatchewan has experienced unprecedented economic growth, and the value of property in the province is no exception. The result of this active and strong real estate market has been significant increases to property assessments that were reported in the 2013 Revaluation.

The 2013 Revaluation sought to stabilize the assessment system from a governance perspective by not introducing any major changes to assessment policy. A stable system does not mean values will not change. Instead, values are more supportable and understandable.

The assessments of residential and commercial property continued to be based on local market conditions and how sale prices fluctuate between base dates.

Agricultural properties continued to be assessed using a regulated system based on productive value and a provincial factor (PF) which reflects the provincial average selling price for agricultural land. Pasture land assessments were enhanced to provide a closer link between the assessed value and the land's carrying capacity.

CEO REPORT

► REVALUATION 2013 (continued)

Heavy industrial property, railway, pipeline and resource production equipment also continued to use a regulated system.

For 2013, residential and resort residential properties increased approximately double over their assessed values from the 2009 Revaluation. Commercial property increased roughly 60% from 2009. Agricultural land saw an increase of just under 50% to assessed values, which reflects the 2006 to 2011 change in the provincial average selling price of agricultural land. The average provincial increase for assessed values of all property types was just below 70%.

In 2013, SAMA also implemented quality assurance standards for non-regulated property assessments. The results for all municipalities are posted on SAMA's website for review. Quality assurance standards were a requirement when SAMA made the move to market value in 2009, but standards were officially established by the Board in 2013.

2017 will be the year of the next Revaluation, and SAMA's Board has established that major assessment policy relating to the base date, market evidence cut-off date and quality assurance standards will remain stable for the 2017 revaluation.

► SAMA'S WORK IS PAYING DIVIDENDS

The continued growth in property assets in 2013 provided an estimated \$33.9 million in annually recurring property tax revenues for the agency's municipal clients and the education sector. Municipalities received an estimated \$22.3 million and the education sector received \$11.6 million in additional property tax revenues from services provided by the agency.

SAMA's total budget for 2013, excluding our private contract with the City of Moose Jaw, was \$16.31 million. The new annual revenue accrued for our clients in that year was enough to pay the Agency's entire budget and provide an additional \$17 million to local governments. This revenue will be recurring every year going forward for all the local governments we serve.

► THE LAST FOUR YEARS

In the last four years SAMA has made great strides forward, despite some operational challenges:

- | SAMA responded to the Province's Lean initiative, and in 2008 the Agency adopted the Lean business process improvement philosophy, and has made great gains in efficiencies as a result;
- | The Agency has improved service with more timely delivery of annual maintenance, and improved revaluation and support of value services for our client municipalities;
- | SAMA has developed and retained a dedicated team of technical specialists, professional assessment appraisers and agrologists;
- | The Agency has reduced our workforce by 20% over 3 years (exceeding the government-wide target of a 15% reduction in public sector employment);
 - The Agency's 2013 budget is down \$800,000 since 2009;
- | The province's rapidly growing economy is challenging our ability to carry out general reinspections.

2013
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CEO REPORT

► THE COST OF NOT KEEPING UP WITH GENERAL REINSPECTIONS

The majority of properties that SAMA serves in the province have not been physically reinspected in over 17 years. As a result, between 2-5 % of the property assessment base is not currently being assessed. Assuming the more conservative estimate of 2%, lost property tax revenues to municipalities and the education sector total approximately \$30 million annually.

MONEY BEING LEFT ON THE TABLE

\$30,000,000

Cities/Towns Average Last Reinspection 1997/1995	Villages and Resort Villages Average Last Reinspection 1991	Rural Municipalities and North Average Last Reinspection 1989
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► NEW TECHNOLOGY

To address the Agency's inspection challenges, SAMA is undertaking a four-year capital project for new technology. SAMA will be implementing a Geographic Information System (GIS), and appraisers will begin using remote data collection tablets. These electronic systems will replace the current paper-based manual systems that SAMA uses for assessments.

Acquiring and implementing new technologies will require a total capital investment of \$4.9 Million. Technology development funding will be allocated to SAMA's funding parties on an equal basis – \$612,000 to the Province and \$612,000 to SAMA's client municipalities for each of the next four years. The municipal portion of technology funding will be financed through a capital funding levy of 10.6% from 2014-2017.

Using remote data collection tablets will eliminate current paper-based data collection and manual data entry methods. Current processes require the manual preparation of work lists, the printing of forms, maps and photos, and the manual recording of data on worksheets and subsequent re-entry of the data into SAMA's computer system (SPAN). Tablets will allow electronic assessment records to be downloaded, updated and uploaded to the SPAN system, eliminating a lot of manual effort and reducing the problem of transposition errors.

Work is beginning immediately to update our internal systems, and development of new technologies will start in the fourth quarter of 2014. Systems development will require 24 months, and initial implementation of the new technologies will start in 2016, and be fully implemented by 2018.

The use of GIS and remote data collection technologies is expected to improve the inspection efficiency of urban property by 50% and agricultural land by 35% when they are completed and implemented. The use of new technologies is essential to the Agency's strategy to double the productive capacity of staff. Currently, SAMA's appraisal staff spend two to three days in the office for every day in the field. New technology would allow staff to spend one day in the office for every day in the field, effectively doubling our inspection capacity when combined with our other planned efficiency gains.

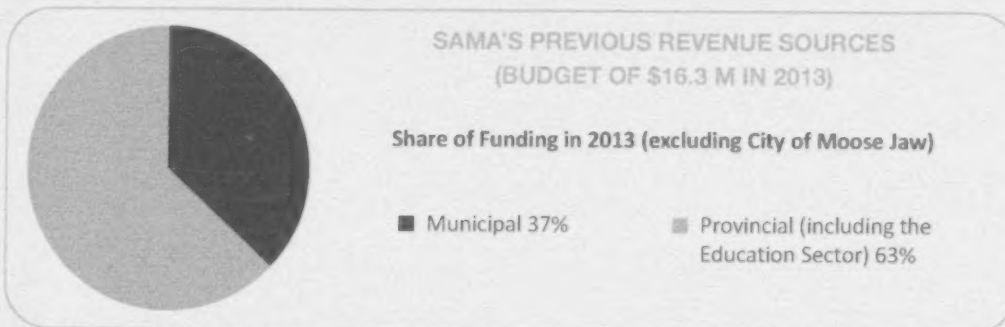


CEO REPORT

► 2013 BUDGET AND FUNDING FORMULA

For 2013, SAMA operated under a 65:35 funding formula, with government (Ministry of Government Relations) paying up to 65% of SAMA's budget, and the municipal sector paying 35% of SAMA's budget through municipal requisitions. This funding formula included a cap on total municipal requisitions, which remained in effect until government reached their 65% portion of total SAMA funding.

In 2013, after accounting for a \$522,000 funding increase provided by the province, funding shares were 63% Provincial and 37% municipal. The Provincial portion of funding included the portion of SAMA's funding that had been provided by the education sector.



With government remaining below the 65% threshold, under the 2013 funding formula, SAMA was unable to seek alternate funding going forward, as legislation prohibited the Agency from getting the necessary increase in revenue from municipalities or directly from the education sector until government reached the 65% threshold. The total requisition of \$5.8 million from municipalities remained unchanged since 2004, while the total amount of revenue the Agency receives from government decreased by approximately \$800,000 from 2009-2013.

From 2000 to 2008, property tax revenue was divided at 62% for education (government) and 38% for municipalities. By 2012, that ratio was reversed, with 62% of revenue going to municipalities, and 38% going to Education. SAMA is updating our funding formula to account for this change.

► 2014 – 2017 BUDGET AND FUNDING PLAN

Starting in 2014, SAMA will be implementing an update to our funding formula that would see changes to how the assessment system is supported. Going forward, Government would continue to pay 100% of the cost of SAMA's governance functions (\$6 million in 2014). The Province would also pay 38% of SAMA's remaining operations costs (based on benefits received to education). Municipalities would pay 62% of remaining operations costs (based on benefits received by the municipal sector).

The agency will be implementing a municipal requisition phase-in period with increases of 8.1% in 2014, to fund a 3.9% increase in our overall budget, and 3% for the following three years.

SAMA will also be introducing a \$20 maintenance fee-for-service charge beginning in 2015. This fee recognizes that municipalities experiencing the highest level of growth should pay for a portion of the extra assessment services they need relative to similar municipalities with less growth.

SAMA will transition from an overall 63:37 funding split for Government and Municipalities, to a 60:40 split over the next two years, levelling off in 2016.

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2014 - 2017 BUDGET AND FUNDING PLAN (continued)

To keep the updated funding plan in perspective, in 2013, 526 of SAMA's 756 client municipalities are paying less in their annual requisition to SAMA than they did in 2007. 2014 and 2015 will be phase-in years for the Agency's new funding plan. Even with the proposed increases to requisitions in 2014 for operational support costs and for new technology, 188 municipalities will still be paying less than they were in 2007.

2014 TO 2017 BUDGET ESTIMATES

REVENUES	2014	2015	2016	2017
Provincial Operating	\$10,087	\$10,238 (1.4%)	\$10,545 (3%)	\$10,862 (3%)
Municipal Req. Operating	6,254 (8.1%)	6,442 (3.0%)	6,635 (3%)	6,834 (3%)
User Fee Charge (\$20/property)	0	317 (5.1%)	327	337
Other Revenue	429	459	473	487
Municipal Capital for New Technology	612 (10.6%)	612	612	612
Provincial Capital	612	612	612	612
Total	\$18,172 (3.9% operating)	\$18,680 (3.0%)	\$19,204 (3.0%)	\$19,744 (3.0%)

SAMA ADDS VALUE

Updating the Agency's funding formula, and providing for necessary new technology, will allow SAMA to maintain our current ability to capture year-over-year growth for municipalities through our annual maintenance programs as well as build new inspection capacities with the implementation of new technology. This will make for an assessment system that is fairer, with everyone assessed at a level playing field.

CONTINUED
OPERATIONAL
SUPPORT



5:1
PAYBACK

Continued support for SAMA on the operational level will allow the Agency to continue to provide current maintenance and reinspection services that are expected to add approximately \$244 million in new cumulative revenue over the next four years. Comparing this with SAMA's four year 2014-2017 assessment operational budget of approximately \$44.2 million, SAMA's operation funding pays for itself at a rate of better than 5:1.

The additional funding for new technology through our capital project will allow the Agency to inspect our entire inventory of property over the twelve years following completion of the project. Based on recent reinspection results, we estimate that \$183 million in revenue will be captured for municipalities in the twelve years following full implementation of new technologies in 2017. This is revenue that is currently being left on the table.

NEW
TECHNOLOGY
FUNDING



13:1
PAYBACK

When compared to the total cost of \$13.4 million for implementing and maintaining new technologies for those twelve years, municipalities will see a payback of approximately 13:1.

CEO REPORT

► LEAN PHILOSOPHY

In 2008, SAMA embarked on a business process improvement strategy called the Lean philosophy. Lean is aimed at engaging the talents of the Agency's people to eliminate waste, and create value for the customer. It is a common sense approach to working with complex processes ensuring that clients' and stakeholders' needs are successfully met.

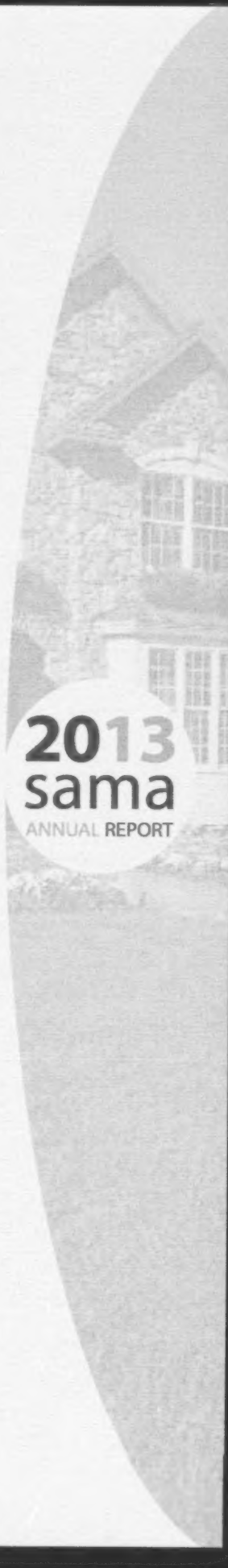
The Goals of Lean at SAMA are:

- | A 25% increase in efficiency and productivity between 2009 and 2013;
- | Highly engaged staff, that take ownership of the business processes; and
- | An Agency in a much better position to meet the increasing demands from clients.

Under the Lean initiative the Agency has:

- | Successfully advanced the annual maintenance program by 3-4 months. In 2013, 153 of SAMA's client municipalities received their annual maintenance by December 31st. In comparison, only 105 of client municipalities received their annual maintenance by December 31st in 2009 (the previous revaluation year);
- | Implemented visual scheduling within the agency to evenly distribute and track individual appraiser workloads;
- | Studied the data entry process to discover best practices and provided training to staff in order to make the most of the agency's central assessment database;
- | Process improvements in the sales verification and revaluation processes have automated large components of the process and led to an efficiency gain of approximately 20%; and,
- | Improved appeal-handling processes resulted in a savings of over four hundred staff days of effort handling revaluation-related inquiries and appeals in 2013 (relative to previous production levels).

One of Lean's strengths is its focus: the people most familiar with the actual work determine the necessary process improvements and plan the necessary changes. Significant progress has been achieved to date. Lean process improvement initiatives will continue to be a focus for SAMA in 2014 and beyond.



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ASSESSMENT SERVICES

The Assessment Services Division provides valuation services to 756 urban, northern and rural municipalities. It is responsible for the assessed values of approximately 818,000 properties in the province. Core processes include inspection of properties through annual maintenance and general reinspections, revaluations (every four years), and support of value.

SUPPORT OF VALUE

SAMA provides its client municipalities with property assessment expertise to validate assessments at open houses and ratepayer/council meetings, and all levels of appeal (Board of Revision, Saskatchewan Municipal Board and Court of Appeal). SAMA also identifies and monitors precedent-setting assessment appeals that may have policy or procedural implications.

The total number of appeals in 2013 was 4,321, as of January 6, 2014. This represents approximately half of one percent (0.5%) of SAMA's total property count of 818,000. 3,967 of those appeals were either withdrawn by the property owner or resolved through an agreement to adjust with SAMA. Only 352 appeals went on to a Board of Revision hearing, 2 appeals are still open and awaiting a ruling and 76 have been forwarded to the Saskatchewan Municipal Board. The number of appeals for 2013 was lower than initial projections of 6,066. This could be indicative of SAMA's, and our client municipalities', pre-emptive communications efforts regarding 2013 value changes in the time leading up to the 2013 Revaluation.

PROPERTY INSPECTION PROGRAMS

SAMA ensures detailed property assessment records are kept current through the annual maintenance program and the general reinspection program. The annual maintenance program ensures that individual properties with changes are inspected and new assessment values are calculated. Periodically, all properties in a municipality can be reviewed under the general reinspection program. General reinspections ensure that all properties in a municipality are fairly and equitably valued.



ADMINISTRATIVE REPORT

MAINTENANCE

The annual maintenance program reviews and updates properties with changes that may affect the property's assessed value. The municipality submits a list of the properties affected, and the agency reviews each identified property and provides the municipality with an updated assessed value for their assessment roll.

By December 31, 2013 reviews had been completed on 42,372 residential, commercial and agricultural land properties – 21,250 properties for use on 2013 municipal assessment rolls and 21,122 properties for use on 2014 municipal assessment rolls.

At year end there is an estimated 13,600 properties that will be reviewed in the first and second quarter of 2014.

The agency continues to level out the annual maintenance workload by advancing the majority of annual maintenance work to the preceding year and works toward spreading the workload more evenly over the last months of the calendar year. This helps the agency to provide more timely delivery of the service to client municipalities.

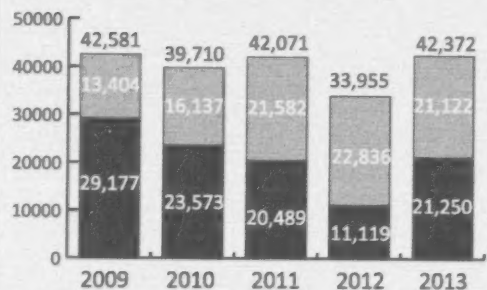
In 2013, the agency reviewed 21,122 properties (61% of the annual maintenance program) by December 31st for the following year's assessment roll. This was a significant improvement over 2009 when only 13,404 properties had been reviewed by year end. 2013 represents a 45.7% improvement in the delivery the following year's maintenance to municipalities by year's end when comparing the revaluation years of 2009 and 2013.

The positive effects of Lean process improvements on SAMA's maintenance work are shown in the increases to the amount of maintenance reviews for the following year SAMA completed in the current year.

Going forward, SAMA is prioritizing maintenance work, and approximately 60% of municipalities have advised the agency of a desired maintenance delivery date.

ANNUAL MAINTENANCE REVIEWS

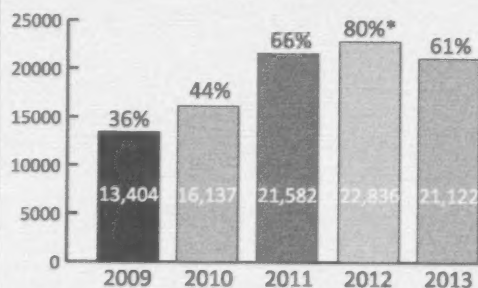
Number of Residential, Commercial and Agricultural Properties



□ Total reviewed in calendar year
 ■ Reviewed Q3 & Q4 for use in the following year
 ■ Reviewed Q1 & Q2 for use in the current year

ANNUAL MAINTENANCE REVIEWS COMPLETED

Percentage of Following Year's Assessment Roll Reviewed by December 31st



*Anticipated maintenance requests were underestimated at December 31, 2012, causing the percent-complete estimate (80%) to be high. The actual percent-complete was 52%.

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REINSPECTION PROGRAM

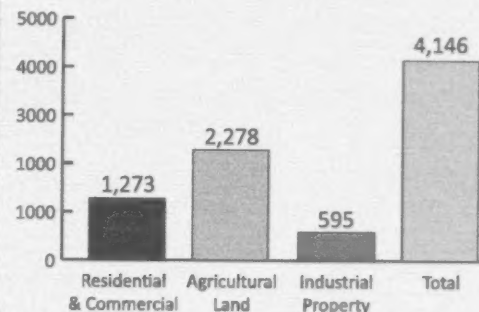
Over time, property assessments become dated because of property improvements, and gradual wear and tear, that are not identified through an annual maintenance review. The general reinspection program undertakes to review each property to re-establish a uniform base of up-to-date property records for the municipality.

In 2013, reinspection reviews were completed on 4,146 properties – 1,273 residential and commercial properties, 2,278 agricultural land properties, and 595 industrial properties. 12,950 properties were reinspected in 2012.

The reinspection program has dropped off significantly in 2013 as the agency concentrated on completing maintenance and providing support of value for our client municipalities.

Reinspection reviews were completed on 45,629 properties in the 2010-2013 cycle, a decrease of 3.6% from 47,354 property reviews in the 2006-2009 cycle. The decline is attributed to decreased levels of staff available for reinspection activities (since 2010, the SAMA workforce was decreased by 19% and the agency continued to perform increasing levels of maintenance work in order to handle the property growth in the province, leaving fewer staff resources available for reinspections).

PROPERTY REINSPECTION REVIEWS
Number of Properties (2013)



2013 REVALUATION

2013 was a revaluation year for Saskatchewan. The agency's efforts were concentrated on support of value for the 2013 revaluation and property maintenance related to the growing property base in the province. The agency received over 10,000 inquiries regarding the revaluation (over 4,300 of which led to appeals). Consequently, property reinspections were reduced from previous years, as staff resources were reallocated to the revaluation delivery and support of value. Increased communications, high levels of appraiser effort in handling inquiries, and online access to property assessment data via SAMAView allowed the agency to successfully deliver new values to over 800,000 properties in the province.

The Assessment Services Division distributed preliminary 2013 property values to municipalities in the summer and fall of 2012 and prepared final 2013 property values by the end of 2012 for delivery to municipalities in January 2013.

SAMA's goal to communicate value changes well ahead of the 2013 Revaluation allowed municipalities and government time to review and provide feedback on the preliminary values and generate policies and budgets with as much information as possible.

The provincial government announced the 2013 percentages of value in November, 2012. All percentages of value remained the same except for those applicable to grain elevators, railway rights of way and pipelines which changed from 75% to 100%.

ADMINISTRATIVE REPORT

► 2013 REVALUATION (continued)

The percentages of value applicable for the 2013 Revaluation are as follows:

- (a) Non-arable (Range) Land and Improvements - 40%;
- (b) Other Agricultural Land and Improvements - 55%;
- (c) Residential - 70%;
- (d) Multi-unit Residential - 70%;
- (e) Seasonal Residential - 70%;
- (f) Commercial and Industrial - 100%;
- (g) Grain Elevators - 100%;
- (h) Railway Rights of Way and Pipeline - 100%.

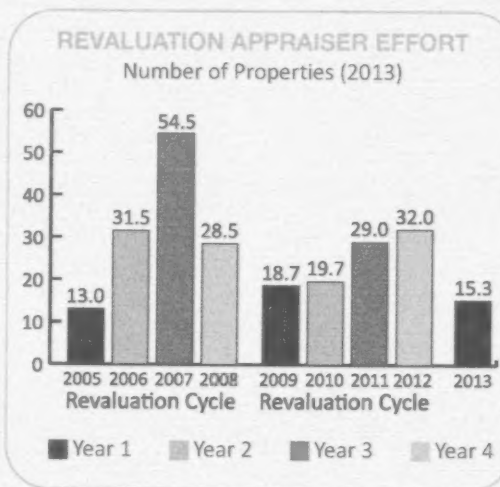
The Agency made full use of our SAMAVIEW application to communicate assessed values for the 2013 Revaluation. SAMAVIEW is a website application that allows the general public access to individual property assessments for all SAMA client jurisdictions. In an effort to improve the transparency of assessments to the public, the Agency revamped our SAMAVIEW web application in 2013, improving speed and usability, and increasing the amount of assessment data available on the site. Traffic on the SAMAVIEW site has steadily increased throughout 2013.

► REVALUATION PROGRAM

The appraiser resources used to deliver the revaluation program vary from year-to-year over a four-year revaluation cycle. The focus in Year 1 is on implementation and support of value, in Year 2 on sales verification, in Year 3 on market analysis and Year 4 on quality assurance and finalization.

Business process improvement changes to the sales verification and market analysis processes have resulted in a significant reduction in total appraiser time on revaluation activities.

For the 2009-2012 revaluation cycle the agency utilized a total of 99.4 FTEs on the revaluation program, compared to 127.5 FTEs for the 2005-2008 revaluation cycle – a reduction of 28.1 FTEs or 22%. In 2013, year 1 of the revaluation cycle, the number of FTEs was reduced by 3.4 (18%) when compared to year 1 of the last revaluation cycle (2009).



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► THE COMPETITIVE ASSESSMENT ENVIRONMENT

Since 1995, a provision in *The Assessment Management Agency Act* has been made available that allows municipalities, other than the four major cities of Moose Jaw, Prince Albert, Regina and Saskatoon to use alternative assessment services.

In November 2004, the Province amended this legislation to require that municipalities wishing to undertake their own valuation services receive written consent from all affected school divisions and SAMA. Before this amendment, municipalities were only required to consult with school divisions and receive the written consent of SAMA.

As of May 2010, SAMA and the Minister of Education's consent are now needed for a municipality to opt out, or opt back into, SAMA's valuation services. Any municipality that carries out its own valuations and revaluations is not required to make requisition payments to the Agency. Jurisdictions that employ their own appraisal personnel still must follow the regulated *Saskatchewan Assessment Manual* and provincial assessment legislation.

The cities of Saskatoon, Regina, Prince Albert and Swift Current do not use SAMA's valuation services. In 2006, the city of Moose Jaw entered into a long-term assessment services contract with SAMA. As of January 1, 2013, 14 other urban municipalities did not use SAMA's valuation services, which is unchanged from 2012. For 2014, 10 municipalities will be opting in to SAMA's assessment services.

► TECHNICAL STANDARDS AND POLICY

The Technical Standards and Policy Division (TS&P) is responsible for researching and studying assessment valuation policy and best practices with regards to application of province-wide assessment valuation standards and policies. This involves considerable consultations with the Province, clients and stakeholders to ensure transparency and support on assessment policy matters. As part of this liaison process, TS&P is involved in the provision of assessment information to the Province, municipalities, school divisions and the public.

The TS&P division advises the Board and the Province with respect to property assessment legislation, prepares assessment related Board Orders, and also prepares manuals, guidelines, handbooks and other materials required in the assessment of property. Valuation materials may be revaluation cycle specific; such as the regulated *Assessment Manual* and the non-regulated *SAMA Cost Guide*, or may not be tied to a specific revaluation cycle, such as the non-regulated *Market Value Assessment in Saskatchewan Handbook*.

TS&P is responsible for liaising with independent assessment service providers regarding assessment policy and valuation practices. These activities include quality coordination and control activities to ensure consistent application of assessment valuation practices, which includes facilitating and overseeing the provincial revaluation cycle that occurs every four years. Further to this, TS&P provides technical support for assessment service providers that use SAMA's computerized assessment valuation system, the Saskatchewan Property Assessment Network (SPAN).

TS&P also has a leadership role in identifying new computer based technologies to improve the efficiency of SAMA's mass appraisal processes as well as accuracy of assessments. In this regard, TS&P staff have integral roles regarding the implementation of SAMA's four- year capital project for new technology.



ADMINISTRATIVE REPORT

2017 REVALUATION PREPARATIONS

In keeping with the administration of the traditional four year revaluation cycle policy processes, TS&P has initiated preparations for the next revaluation scheduled for 2017, which will use a base date of January 1, 2015. Consistent with the 2013 revaluation, the goal is to continue to stabilize major assessment policy, with consideration for refinement on selected items where there is consensus with stakeholders:

Development, communication, and implementation of revaluation related Board Orders:

- Establishment of the 2017 revaluation base date to be January 1, 2015;
- Specifying market value evidence requirements for non-regulated property assessments; and
- Specifying quality assurance standards for non-regulated property assessments.

Initiated a consultation process with stakeholders regarding assessment policy with possible refinement of selected items related to regulated property assessment valuation models:

- Assessment of secondary containment structures related to certain tanks;
- Review of the oil and gas resource production equipment "production adjustment factor" (PAF).
- Miscellaneous housekeeping improvements.

Initiated development of 2015 Base Date regulated *Assessment Manual* and non-regulated *SAMA Cost Guide* to be completed in late 2014 for implementation in January/2015. These documents will be revamped to improve readability as well as amended to reflect simplified residential and commercial costing procedures. The non-regulated *Market Value Assessment in Saskatchewan Handbook*, which is not linked to a base date, is not scheduled to see significant amendments as it was substantially updated for the 2013 revaluation.

In addition to the regular revaluation policy processes, TS&P has facilitated a valuation policy initiative within the Agency involving simplification of the residential and commercial replacement cost models for implementation with the 2017 revaluation. These improvements are in alignment with the 2013-2017 strategic directions to simplify and streamline work and will integrate with planned process and technology improvements to dramatically increase property inspection while still yielding accurate valuation results.



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► ACCESSING REVALUATION BOARD ORDERS, PUBLICATIONS AND OTHER COST GUIDES

Revaluation related Board Orders and publications can be found on SAMA's website (www.sama.sk.ca) and accessed free of charge. The exception would be valuation rates established under license using Marshall & Swift/Boeckh, LLC costing publications *Marshall Valuation Service* and *The Residential Cost Handbook*.

SAMA's major publications include the *Saskatchewan Assessment Manual (2011 Base Year)*, *SAMA's 2011 Cost Guide* and the *Market Value Assessment in Saskatchewan Handbook*. The *Saskatchewan Assessment Manual* has the force of regulation and must be complied with, while the *Cost Guide* and *Market Value Handbook* do not – they are documents within the market valuation standard.

Hard copies of the revaluation publications as well as the Marshall costing publications are available for a fee that covers the cost to print the documents and any applicable third party license fees.

Marshall & Swift/Boeckh, LLC., is a recognized industry leader in costing of commercial and residential property with regards to the application of the cost approach. Other assessment service providers may also refer to the Marshall costing publications. SAMA uses the *Marshall Valuation Service* for the majority of commercial properties valued using the cost approach. *The Residential Cost Handbook* is the basis for estimating replacement costs for both single and multi-family residences. For clarification, the *Assessment Manual*, *SAMA's Cost Guide*, *Handbook* and Marshall costing publications complement each other in the application of the cost approach.

► INFORMATION SERVICES

In 2013, SAMA's Information Services Branch (IS) continued to focus on ensuring the Agency is served by modern and efficient technology.

Internally, Information Services continued to improve its service delivery to the Agency using Lean methods and tools, and focusing on high value, effective initiatives.

► SAMAVIEW

SAMAView is a website application that allows the general public access to individual property assessments for all SAMA client jurisdictions. In an effort to improve the transparency of assessments to the public, the Agency revamped the SAMAView web application for 2013, improving speed and usability, and increasing the amount of assessment data available on the site.

You can access SAMAView by going to SAMA's website (www.sama.sk.ca) and clicking on the SAMAView link.

► WHAT ARE THE BENEFITS OF SAMAVIEW?

With SAMAView you can:

- Verify your property assessment information;
- Compare your assessment to similar or neighbouring properties; and
- Get a general idea of assessed values in your municipality.



ADMINISTRATIVE REPORT

► KEY 2013 INITIATIVES (FOR BUILDING FUTURE TECHNOLOGY CAPACITY)

- Redeveloped the Agency's Sales Application
- Replaced the Agency's database servers
- Began a desktop refresh, which sees Agency computers and software updated
- Completed the upgrade to the SAMAView application
- Revamped the Geographic Information Systems (GIS)
- Enhanced the Oil and Gas application
- Started the Residential cost simplification conversion project

► HUMAN RESOURCES

For the year 2013, the Agency's budgeted number of employees was 144.75 permanent positions. 109 positions were in the Assessment Services division, which does not include 6 positions that are part of our assessment service contract with the City of Moose Jaw.

Items of note for 2013:

- | Worked with Assessment Services Division to pilot the Training Within Industry program for business process improvement activities.
- | Continued improvements to new employee on-boarding program with the development of an *Employee Handbook*.
- | Conducted an employee engagement survey.
- | Updated the management position classification system.
- | Negotiated four-year collective bargaining agreement expiring December 2016.
- | Held Agency-wide staff meeting in October.



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WORKFORCE PLANNING

The Agency continues to address workforce planning by:

- Recruiting people with the right type of attitude and motivation that are committed to their work, and building a high performance work environment that helps retain key talent and fully engages the right people.
- Enhancing the Agency's employee engagement strategies to build and sustain a healthy and viable organization.

SAMA remains committed to working with Lakeland Community College in Vermilion, Alberta to recruit new personnel. The Agency continues its:

- \$5,000 sponsorship program for a limited number of second-year students at Lakeland Community College (students sign an employment commitment to SAMA);
- \$500 annual bursary, awarded to a first-year student with the highest grade point average in assessment appraisal studies.
- Attendance at the third annual Business Job Fair at Lakeland Community College's Lloydminster campus.

EMPHASIS ON TRAINING AND PROFESSIONAL ACCREDITATIONS

Throughout 2013, SAMA continued to place significant emphasis on training and development for all employees. SAMA's employees continue to have considerable success with their attainment of professional accreditations.

The success of SAMA's efforts in providing property assessment services within Saskatchewan depends on the knowledge, skills and expertise of our employees, and the Agency's ability to attract and retain a talented and skilled workforce in a highly competitive market.

COMMUNICATIONS

In 2013, SAMA's Communications Branch was focused on the various communications programs surrounding the 2013 Revaluation. This included the implementation of a 2013 Revaluation Communications Plan, which involved updating our educational literature, and helping to more publicly position the Agency to deal with the impacts of the 2013 Revaluation.

SAMA's informational literature, including our updated "How Property Assessment Works in Saskatchewan" brochure, is available on our website (www.sama.sk.ca).

SAMA is committed to ensuring that the Agency is served by modern and efficient technology. From a communications perspective, SAMA's website (www.sama.sk.ca) is a vital part of how we communicate with our stakeholders, our client municipalities and the public.



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FINANCIAL



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REPORT





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AUDITOR'S REPORT

► INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Saskatchewan Assessment Management Agency

We have audited the accompanying financial statements of Saskatchewan Assessment Management Agency, which comprise the statements of financial position as at December 31, 2013, and the statements of revenues and expenses and changes in fund balances, and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Assessment Management Agency as at December 31, 2013, and the results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Accountants

February 28, 2014
Regina, Saskatchewan

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FINANCIAL STATEMENTS

» SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

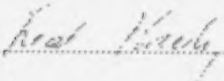
» STATEMENT OF FINANCIAL POSITION

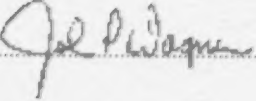
As at December 31, 2013

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash	\$ 389,252	\$ 378,440
Accounts receivable and accrued interest	74,435	68,367
Government remittances receivable	71,391	70,075
Municipal invoice receivable	9,555	12,545
Province of Saskatchewan grant receivable	1,521,750	1,391,250
Prepaid expenses	325,069	333,504
	2,391,452	2,254,181
CAPITAL ASSETS (Note 3)	951,304	1,579,584
INTANGIBLE ASSET (Note 4)	18,761	31,268
	\$ 3,361,517	\$ 3,865,033
CURRENT LIABILITIES		
Accounts payable	\$ 436,810	\$ 489,829
Government remittances payable	-	2,314
Deferred revenue	105,266	101,547
Current portion of deferred contributions related to SPAN (Note 5)	578,747	578,752
Current portion of obligation under capital lease (Note 6)	29,228	44,774
	1,150,051	1,217,216
DEFERRED CONTRIBUTIONS RELATED TO SPAN (Note 5)	-	578,749
OBLIGATION UNDER CAPITAL LEASE (Note 6)	54,257	78,760
	1,204,308	1,874,725
NET ASSETS		
Capital fund	307,833	344,688
Operating fund		
Reserves (Note 7)	1,496,155	1,370,186
Unrestricted	353,221	275,434
	1,849,376	1,645,620
	2,157,209	1,990,308
	\$ 3,361,517	\$ 3,865,033

See accompanying notes

APPROVED BY THE BOARD

 Director

 Director

FINANCIAL STATEMENTS

► SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

► STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE - OPERATING FUND

Year ended December 31, 2013

	Budget <u>2013</u> (Unaudited)	Actual <u>2013</u>	Actual <u>2012</u>
REVENUES			
Province of Saskatchewan operating grant	\$ 1 0,087,340	\$ 1 0,087,000	\$ 9,565,000
Municipal invoices	5,787,730	5,798,522	5,798,268
Appraisal and assessment services	479,240	510,785	475,662
Fees	345,000	279,429	285,308
Interest	20,000	17,120	15,929
Miscellaneous	50,500	38,221	13,874
	16,769,810	16,731,077	16,154,041
EXPENSES			
Bank and payroll charges	21,000	24,795	17,977
Communications	37,200	22,068	16,431
Computer services, software and supplies	1,100,020	1,218,202	1,063,273
Geospatial imagery	86,940	64,965	60,000
Insurance	22,000	19,040	19,011
Land titles information	223,500	205,121	209,925
Office	466,170	400,887	381,934
Printing and data licensing	201,630	119,672	140,779
Professional	203,610	134,248	132,931
Rent	981,980	1,087,918	934,720
Salaries and benefits	12,158,500	12,197,219	11,886,404
Staff training and development	242,510	224,247	211,334
Travel and accommodation	753,910	647,341	637,789
	16,498,970	16,365,723	15,712,508
EXCESS OF REVENUES OVER EXPENSES	270,840	365,354	441,533
Inter-fund transfers			
Capital asset purchases	(270,840)	(161,598)	(175,275)
Operating fund balance, beginning of year	1,370,186	1,645,620	1,379,362
Operating fund balance, end of year	1,370,186	1,849,376	1,645,620
Reserves (Note 7)	(1,370,186)	(1,496,155)	(1,370,186)
UNRESTRICTED FUND BALANCE,			
END OF YEAR	\$ -	\$ 353,221	\$ 275,434

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FINANCIAL STATEMENTS

» SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

» STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE - CAPITAL FUND

Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUES		
Province of Saskatchewan restricted grant (Note 5)	\$ 578,752	\$ 578,752
EXPENSES		
Amortization of capital assets (Note 3)	764,698	755,274
Amortization of intangible asset	12,507	34,918
DEFICIENCY OF REVENUES OVER EXPENSES	(198,453)	(211,440)
Inter-fund transfers		
For purchase of capital assets	161,598	175,275
CAPITAL FUND, BEGINNING OF YEAR	344,688	380,853
CAPITAL FUND, END OF YEAR	\$ 307,833	\$ 344,688

See accompanying notes



FINANCIAL STATEMENTS

» SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

» STATEMENT OF CASH FLOWS

Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING		
Excess of revenues over expenses:		
Operating fund	\$ 365,354	\$ 441,533
Capital fund	(198,453)	(211,440)
Items not affecting cash:		
Amortization of capital assets	764,698	755,274
Amortization of intangible asset	12,507	34,918
Amortization of deferred SPAN contributions	(578,752)	(578,752)
	365,354	441,533
Changes in non-cash working capital:		
Accounts receivable and accrued interest	(6,068)	9,531
Government remittances receivable	(1,316)	-
Municipal requisitions receivable	2,990	(9,488)
Province of Saskatchewan grant receivable	(130,500)	-
Prepaid expenses	8,435	(88,373)
Accounts payable	(53,019)	(276,587)
Government remittances payable	(2,314)	2,280
Deferred revenue	3,719	45,273
	187,281	124,169
INVESTING		
Purchase of capital assets	(136,420)	(71,586)
FINANCING		
Repayment of obligation under capital lease	(40,049)	(88,818)
INCREASE (DECREASE) IN CASH	10,812	(36,235)
CASH, BEGINNING OF YEAR	378,440	414,675
CASH, END OF YEAR	\$ 389,252	\$ 378,440

See accompanying notes

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FINANCIAL STATEMENTS

► SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

► NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2013

► 1. STATUTORY AUTHORITY

The Saskatchewan Assessment Management Agency (the "Agency") was established under the authority of *The Assessment Management Agency Act* (the "Act") on March 1, 1987. The Agency is exempt from income taxes pursuant to Section 149(1) of The Income Tax Act.

► 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("NPO Standards") and reflect the following policies:

a) *Use of estimates*

The preparation of financial statements in conformity with NPO Standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

b) *Fund accounting*

The financial statements have been prepared in accordance with NPO Standards using the restricted fund method of reporting restricted contributions.

The Operating Fund accounts for the Agency's program delivery and administrative activities.

The Capital Fund reports the assets, revenue and expenses related to the Agency's capital assets.

c) *Capital assets*

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the diminishing balance method, except for leasehold improvements and the SPAN system, which are being amortized using the straight-line method over the lease term and lives of the assets, respectively.

d) *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.



FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) *Intangible asset*

The Agency has no intangible assets with an indefinite life. Other intangible assets are accounted for at cost. Amortization is based on their estimated useful life using the straight line method.

f) *Computer software development costs*

Computer software development costs are expensed unless they meet the criteria for capitalization provided for under NPO Standards. Costs are capitalized only to the extent that their recovery is reasonably assured. These costs are amortized over the anticipated period of benefit beginning when the development reaches substantial completion.

g) *SPAN development costs*

Expenditures related to the development of the Saskatchewan Property Assessment Network ("SPAN") were capitalized. The project, which began in June 2002 and was substantially completed in January 2005, allowed the Agency to modernize the computer system used for provincial property assessment. Costs directly related to the project have been capitalized, with the exception of those related to training. The determination of future benefit to be realized from the project is one that involves significant management judgment.

h) *Reserves*

Reserves are established by Board of Directors' approval through appropriations of unrestricted net assets.

i) *Revenue recognition*

The Agency follows the deferral method of accounting for grants and other contributions received from the Province of Saskatchewan, and the municipal requisitions from participating municipalities. Approved operating grants and municipal requisitions are recorded as revenue in the period to which they relate. Grants and municipal requisitions approved but not received at the end of an accounting period are accrued. Other revenues are recognized as revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

Externally restricted contributions for future expenses are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions for capital assets are deferred and recognized as revenue in the period the related amortization of the capital assets occurs.

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FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Financial instruments

The Agency initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The Agency's financial assets measured at amortized cost include cash, accounts receivable and accrued interest, municipal requisition receivable, and Province of Saskatchewan grants receivable.

Transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Agency recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

Foreign exchange risk

The Agency does not have any significant exposure to foreign exchange risk.

Interest rate risk

The Agency is not exposed to significant interest rate risk.

Credit risk

The Agency is not dependent on any single customer or group of customers. There is no concentration of credit risk related to the Agency's accounts receivable.

Liquidity risk

The Agency's objective is to have sufficient liquidity to meet its liabilities when due. The Agency monitors its cash balance and cash flows generated from operations to meet its requirements. As at December 31, 2013, the most significant financial liabilities are: accounts payable and obligations under capital lease.

FINANCIAL STATEMENTS

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2013 Net Book Value</u>	<u>2012 Net Book Value</u>
Computer and equipment	\$ 240,856	\$ 134,760	\$ 106,096	\$ 77,526
Furniture and equipment	716,516	669,150	47,366	33,537
Leasehold improvements	217,868	201,247	16,621	10,505
SPAN system	5,940,000	5,361,253	578,747	1,157,500
Furniture and equipment under capital lease	138,530	49,871	88,659	110,824
Computer and equipment under capital lease	451,649	337,834	113,815	189,692
	<u>\$ 7,705,419</u>	<u>\$ 6,754,115</u>	<u>\$ 951,304</u>	<u>\$ 1,579,584</u>

During the year, the Agency acquired \$nil (2012 - \$138,530) of furniture and equipment under capital lease.

Amortization expense for the year comprised the following:

	<u>2013</u>	<u>2012</u>
Amortization of equipment and leasehold improvements	\$ 185,946	\$ 176,522
Amortization of SPAN system	578,752	578,752
	<u>\$ 764,698</u>	<u>\$ 755,274</u>

4. INTANGIBLE ASSET

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2013 Net Book Value</u>	<u>2012 Net Book Value</u>
Computer software	\$ 120,336	\$ 101,575	\$ 18,761	\$ 31,268

5. DEFERRED CONTRIBUTIONS RELATED TO SPAN

In 2007, the Agency received a restricted contribution for the development and implementation of SPAN. The Agency is required to demonstrate to the Province of Saskatchewan that the conditions attached to the funding are being met.

	<u>2013</u>	<u>2012</u>
Deferred contributions, beginning of year	\$ 1,157,499	\$ 1,736,251
Amortization of deferred contributions	(578,752)	(578,752)
Deferred contributions, end of year	578,747	1,157,499
Current portion	(578,747)	(578,752)
	<u>\$ -</u>	<u>\$ 578,747</u>

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FINANCIAL STATEMENTS

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2013</u>	<u>2012</u>
Lease contract, repayable in monthly instalments of \$5,171 including interest at 7.5%.	\$ -	\$ 14,869
Lease contract, repayable in monthly instalments of \$2,492 including interest at 5%.	83,485	108,665
Current portion	(29,228)	(44,774)
	\$ 54,257	\$ 78,760

Future minimum payments under capital leases together with the balance of the obligations due under the capital leases are as follows:

2014	\$ 29,905
2015	29,905
2016	29,905
	89,715
Less amounts representing interest	6,230
	83,485
Current portion	29,228
	\$ 54,257

7. INTERNALLY RESTRICTED RESERVES

	<u>2013</u>	<u>2012</u>
Reserves, beginning of year	\$ 1,370,186	\$ 1,183,978
Reserves made during the year	408,000	564,083
Approved expenditures made during the year (net of transfers)	(282,031)	(377,875)
Reserves, end of year	\$ 1,496,155	\$ 1,370,186

The balance in reserves comprised the following:

	<u>2013</u>	<u>2012</u>
Reserve for communications	\$ 35,000	\$ 35,000
Reserve for computer enhancements	212,252	257,993
Reserve for professional fees	919,820	748,110
Reserve for travel	115,000	115,000
Reserve for job reclassification	214,083	214,083
	\$ 1,496,155	\$ 1,370,186

FINANCIAL STATEMENTS

7. INTERNALLY RESTRICTED RESERVES (continued)

a) Reserve for communications

A reserve has been established to provide for the purchase of goods and services required for communication related to the assessment revaluation system.

b) Reserve for computer enhancements

A reserve has been established to provide for the purchase of computer software, equipment and services necessary for assessment processes. In 2013, \$nil (2012 – \$40,000) was transferred to the reserve and approved expenditures were \$45,741 (2012 – \$38,458).

c) Reserve for professional fees

A reserve has been established to provide for the purchase of legal, appraisal and other professional services related to property appeals, support of value, GIS development and recruitment and retention. In 2013, \$408,000 (2012 – \$310,000) was transferred to the reserve and approved expenditures were \$236,290 (2012 – \$339,419).

d) Reserve for travel

A reserve has been established to provide for travel costs that will be incurred relating to the physical re-inspection of property in municipalities.

e) Reserve for job reclassification

A reserve has been established to provide for retroactive wage costs incurred to implement a job reclassification system. In 2013, \$nil (2012 - \$214,083) was transferred to the reserve.

8. COMMITMENTS

The Agency has leased premises in locations in Regina, Saskatoon, Yorkton, Weyburn, Melfort, Swift Current, Moose Jaw and North Battleford. The leases are to expire between 2014 and 2017. Annual lease payments over the next four years are as follows:

2014	\$	939,999
2015		943,724
2016		784,690
2017		674,782



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FINANCIAL STATEMENTS

9. PENSION EXPENSE

Employees of the Agency belong to one of two pension plans. Employees hired after October 1, 1977, make contributions to the Public Employees Pension Plan ("PEPP"), a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the Agency. Employees hired prior to October 1, 1977, who did not elect to transfer to the PEPP by October 1, 1978, make contributions to the Public Service Superannuation Plan ("PSSP"), a defined-benefit plan. The plan provides for pensions at retirement that are based on employees' years of service and their highest five years' earnings. Pension obligations for this plan are the responsibility of the Province of Saskatchewan's General Revenue Fund.

The total pension cost to the Agency for employees in PEPP was \$718,839 (2012 - \$709,887).

10. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Agency by virtue of significant influence by the Province of Saskatchewan, non-Crown corporations and enterprises subject to joint control and significant influence by the Province of Saskatchewan and investee corporations accounted for under the equity method (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	<u>2013</u>	<u>2012</u>
Operating expenses	\$ 1,961,210	\$ 1,821,750
Accounts payable	28,446	120,434
Government remittances payable	-	2,314
Government remittances receivable	71,391	70,075
Accounts receivable	2,259	3,000

In addition, the Agency pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other amounts and transactions due to (from) related parties and the terms of settlement are described separately in these financial statements and notes thereto.

11. ECONOMIC DEPENDENCE

The Agency is economically dependent on the Province of Saskatchewan due to the extent of its funding of the Agency's operations (60%) (2012 - 60%).

12. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation adopted for the current year.



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QUALITY
ASSURANCE



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Quality Assurance undertakes statutory property assessment audits, and manages the assessment roll confirmation process to ensure that a municipality's property assessments are generally accurate and compliant.

Gordon S. Senz, Managing Director
March 1, 2014





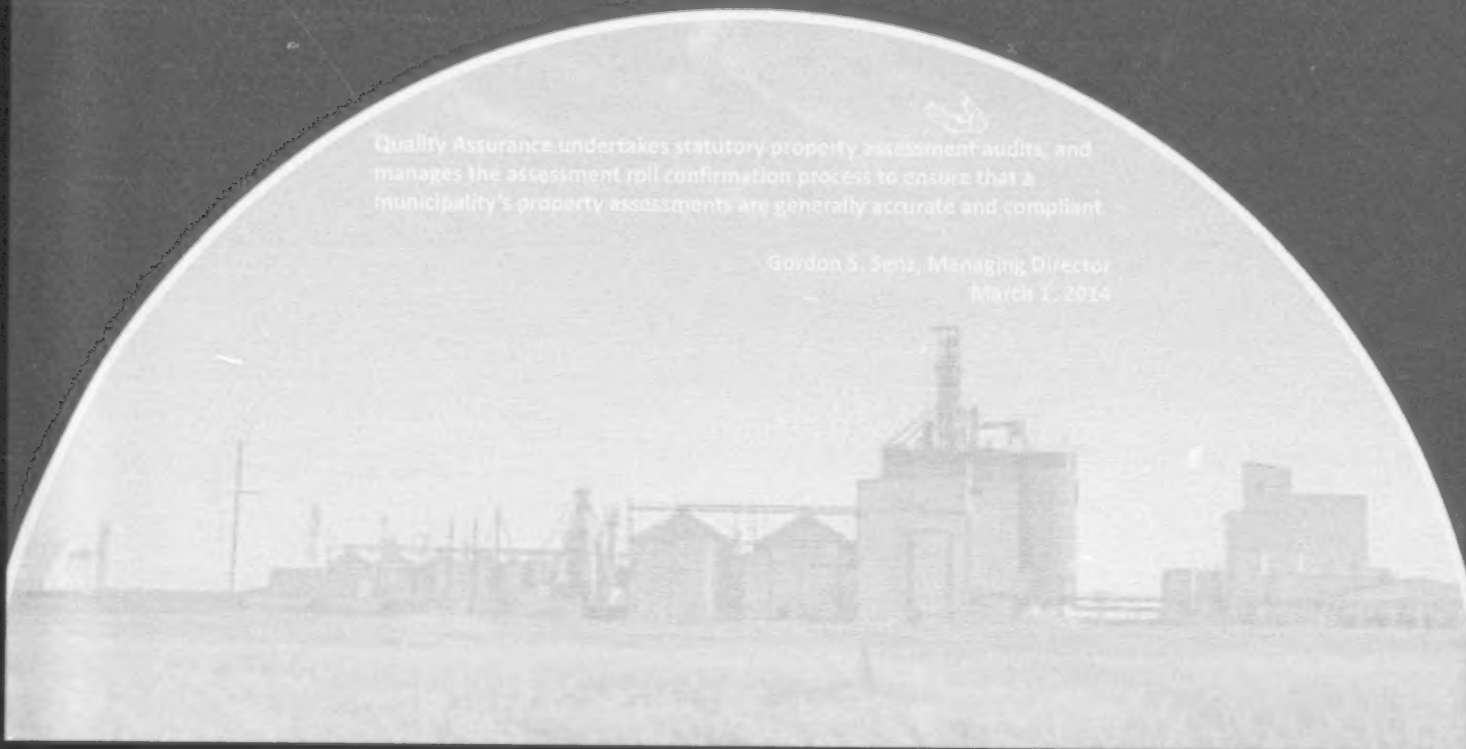
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QUALITY
ASSURANCE



REPORT
13

Quality Assurance undertakes statutory property assessment audits, and manages the assessment roll confirmation process to ensure that a municipality's property assessments are generally accurate and compliant.

Gordon S. Sena, Managing Director
March 1, 2014



QUALITY ASSURANCE

- **SAMA IS THE REGULATORY AGENCY RESPONSIBLE FOR PROPERTY ASSESSMENT IN SASKATCHEWAN.**

SAMA's independent Quality Assurance Division is responsible for the assessment roll confirmation process, undertaking assessment audits (annual confirmation and primary audits on all municipalities) to ensure that municipalities' assessments are prepared and administered in accordance with the requirements set out in applicable legislation.

- **QUALITY ASSURANCE DIVISION IS INDEPENDENT FROM THE REST OF THE AGENCY.**

It has no involvement in property assessment valuation, or setting of policy respecting property assessment valuation. Quality Assurance is accountable directly to the SAMA Board of Directors through the Managing Director of Quality Assurance.

- **THE SAMA BOARD OF DIRECTORS DEVELOPED AND ADOPTED VISION, MISSION, AND PRINCIPLES SPECIFICALLY FOR THE AGENCY'S QUALITY ASSURANCE (OVERSIGHT) MANDATE.**

The Vision, Mission, and Principles establish the Board's position and expectations regarding the property assessment audit mandates, and the efforts undertaken by Quality Assurance in conducting its audit work.

QUALITY ASSURANCE

VISION

The SAMA Board, through its independent and directly accountable QA Division, fosters public trust by ensuring property assessments meet prescribed statutory requirements.

MISSION

To provide unbiased, responsive, professional and collaborative audits of mass appraisal valuation processes and municipal Rolls through an independent and directly accountable QA Division.

For more information regarding Quality Assurance and the audits undertaken by the division, please visit the SAMA website (www.sama.sk.ca) and refer to the document 'Property Assessment Audits in Saskatchewan Guide' under the Audit Guides option.

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QUALITY ASSURANCE

► THE CONFIRMATION AUDIT

This audit reviews for accuracy and statutory compliance of a municipality's assessment roll. The confirmation audit is initiated once a municipality submits an assessment return to Quality Assurance. The return form (established by Board Order) requires the municipality to report all changes made to their assessment roll since it was last confirmed.

For the 2013 assessment roll year, Certificates of Confirmation were issued for 758 municipalities (99.6% of all received returns for 2013). As at March 1, 2014 confirmation audits were in progress for 3 municipal assessment rolls, and 14 assessment returns that have not yet been submitted for 2013. Assessment rolls that were confirmed for 2013 met the statutory accuracy and compliance requirements. Quality Assurance provided considerable assistance to municipalities over the year in resolving various assessment roll issues.

► THE PRIMARY AUDIT

This audit reviews the compliance of appraisal level for improved residential and commercial properties that have sold. Legislation requires these two property types to be valued using the "market valuation standard." The appraisal level audit reviews the median ratio of assessment to adjusted sale price for the two property types at the municipal level to ensure there is compliance with the statutory median assessment to sale ratio range of 0.98 to 1.02. When the median assessment to sale ratio is 1.0, that indicates that on average, these property types are assessed at the same level as the sale prices. Both the confirmation and primary audits must successfully pass in order for Quality Assurance to recommend the municipality's assessment roll for confirmation by the SAMA Board of Directors.

For 2013, all primary audits undertaken, passed, and were compliant with the regulated ratio.

► THE SECONDARY AUDIT

This audit is a detailed or comprehensive audit concerning matters of property assessment statutory compliance. Secondary audits would typically focus on matters of egregious statutory non-compliance. No Secondary audits were required in 2013.



QUALITY ASSURANCE

- ▶ QUALITY ASSURANCE MAINTAINS AND PUBLISHES INFORMATION RELATED TO PROPERTY ASSESSMENT AUDITS AND ASSESSMENT ROLL CONFIRMATIONS ON THE SAMA WEBSITE.

Reports and information regarding assessment roll confirmations is kept current, and is generally updated within several days following SAMA Board meetings.

- ▶ A SUMMARY OF CONFIRMED ASSESSMENT TOTALS

These totals are presented in the two tables that follow. The first table summarizes confirmed assessment totals by tax class and municipal type for 2013. The second table summarizes year over year percentage change for confirmed taxable assessment totals by tax class from 2011 through 2013. More specific confirmed assessment information by municipality is available on the SAMA website.



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QUALITY ASSURANCE

► CONFIRMED AGGREGATE ASSESSMENT TOTALS (PERCENTAGES OF VALUE APPLIED) BY TAX STATUS AND BY YEAR

2013		URBAN				
TAXABLE	CONFIRMED ASSESSMENTS	CITIES	TOWNS	VILLAGES	RESORT VILLAGES	ALL URBAN MUNICIPALITIES
	Non-Arable	566,380	22,530,970	497,801	313,400	23,908,551
	Other Agricultural	24,919,303	21,471,390	14,415,597	131,945	60,938,235
	Residential	35,023,979,288	5,693,351,730	1,321,654,120	449,611,960	42,488,597,098
	Multi-Unit	5,754,073,016	222,768,410	20,193,768	11,951,800	6,008,986,994
	Seasonal Residential	0	52,895,290	26,579,770	917,238,168	996,713,228
	Commercial and Industrial	12,642,288,963	1,041,239,252	157,503,887	50,225,300	13,891,257,402
	Elevators	82,179,000	88,221,325	25,405,800	0	195,806,125
	Railway R/W and Pipeline	82,489,800	23,712,200	27,335,000	30,300	133,567,300
	Taxable Total	53,610,495,750	7,166,190,567	1,593,585,743	1,429,502,873	63,799,774,933
EXEMPT	CONFIRMED ASSESSMENTS	CITIES	TOWNS	VILLAGES	RESORT VILLAGES	ALL URBAN MUNICIPALITIES
	Non-Arable	2,898,760	570,870	70,600	234,960	3,775,190
	Other Agricultural	57,360,162	3,338,135	1,200,100	219,230	62,117,627
	Residential	382,102,665	145,902,059	29,040,072	32,018,910	589,063,706
	Multi-Unit	177,767,670	29,625,550	492,142	0	207,885,362
	Seasonal Residential	0	111,580	735,140	53,513,880	54,360,600
	Commercial and Industrial	12,080,240,593	1,513,815,358	405,436,333	32,706,100	14,032,198,384
	Elevators	8,512,900	20,456,950	366,200	0	29,336,050
	Railway R/W and Pipeline	41,921,500	6,651,300	3,311,300	0	51,884,100
	Exempt Total	12,750,804,250	1,720,471,802	440,651,887	118,693,080	15,030,621,019
PROVINCIAL GRANT-IN-LIEU	CONFIRMED ASSESSMENTS	CITIES	TOWNS	VILLAGES	RESORT VILLAGES	ALL URBAN MUNICIPALITIES
	Non-Arable	9,480	400	0	0	9,880
	Other Agricultural	1,334,600	9,075	0	0	1,343,675
	Residential	82,475,870	31,319,540	4,750,270	0	118,545,680
	Multi-Unit	387,271,370	20,896,190	4,441,710	0	412,609,270
	Seasonal Residential	0	0	0	0	0
	Commercial and Industrial	950,727,765	46,705,900	6,352,600	2,012,200	1,005,798,465
	Elevators	0	0	0	0	0
	Railway R/W and Pipeline	358,800	832,500	0	0	1,191,300
	Provincial Grant-in-Lieu Total	1,422,177,885	99,763,605	15,544,580	2,012,200	1,539,498,270
FEDERAL GRANT-IN-LIEU	CONFIRMED ASSESSMENTS	CITIES	TOWNS	VILLAGES	RESORT VILLAGES	ALL URBAN MUNICIPALITIES
	Non-Arable	0	0	0	0	0
	Other Agricultural	500,865	167,310	0	0	668,175
	Residential	72,769,210	4,994,220	2,730,560	0	80,493,990
	Multi-Unit	85,528,580	0	584,850	0	86,113,430
	Seasonal Residential	0	0	0	0	0
	Commercial and Industrial	401,012,300	29,818,400	5,277,100	0	436,107,800
	Elevators	0	0	0	0	0
	Railway R/W and Pipeline	14,263,400	2,400,600	1,003,400	0	17,667,400
	Federal Grant-in-Lieu Total	574,074,355	37,380,530	9,595,910	0	621,050,795
2011-2013		URBAN				
TAXABLE	CONFIRMED TAXABLE ASSESSMENTS	CITIES	RESORTS/TOWNS/VILLAGES		MUNICIPAL TOTALS	
	2011 Totals	27,852,179,868	5,519,522,299		33,371,702,167	
	Change from 2010	2.80	1.86		2.64	
	2012 Totals	29,021,063,718	5,591,897,399		34,612,961,117	
	Change from 2011	4.20	1.31		3.72	
	2013 Totals	53,610,495,750	10,189,279,183		63,799,774,933	
	Change from 2012	84.73	82.22		84.32	

QUALITY ASSURANCE

► CONFIRMED AGGREGATE ASSESSMENT TOTALS (PERCENTAGES OF VALUE APPLIED) BY TAX STATUS AND BY YEAR

RURAL MUNICIPALITIES	NORTHERN MUNICIPALITIES	SASKATCHEWAN PROVINCIAL TOTAL
1,226,746,282	220,200	1,250,875,033
13,069,774,543	1,236,125	13,131,948,903
5,317,488,135	306,904,860	48,112,989,593
90,650,340	13,602,470	6,113,239,804
1,656,344,113	133,637,280	2,786,694,621
9,217,731,265	398,288,400	23,507,277,067
622,249,958	0	818,056,083
4,163,744,290	2,930,500	4,300,242,090
35,364,728,926	856,819,335	100,021,323,194

34,727,136	2,894,000	41,396,326
62,388,517	497,145	125,003,289
1,906,797,752	29,243,410	2,525,104,868
2,995,310	605,150	211,485,822
93,719,467	46,930,100	195,010,167
1,153,495,612	156,077,300	15,341,771,296
56,080,917	0	85,416,967
327,871,700	0	379,755,800
3,638,076,411	236,247,105	18,904,944,535

62,625,095	0	62,634,975
4,638,175	0	5,981,850
1,896,160	236,880	120,678,720
0	0	412,609,270
0	12,320	12,320
101,787,000	12,127,200	1,119,712,665
0	0	0
62,976,200	0	64,167,500
233,922,630	12,376,400	1,785,797,300

145,638,720	0	145,638,720
10,181,820	0	10,849,995
11,360,650	2,780,610	94,635,250
9,576,770	0	95,690,200
0	6,160	6,160
140,071,700	6,030,500	582,210,000
0	0	0
8,851,000	0	26,518,400
325,680,660	8,817,270	955,548,725

RURAL MUNICIPAL TOTALS	NORTHERN MUNICIPAL TOTALS	SASKATCHEWAN PROVINCIAL TOTALS
23,807,437,981	688,826,605	57,867,966,753
3.49	0.33	2.96
24,417,786,040	694,482,980	59,725,230,137
2.56	0.82	3.21
35,364,728,926	856,819,335	100,021,323,194
44.83	23.38	67.47

**IMPORTANT
APPLIES
TO BOTH
ADJOINING
TABLES**

2013 assessed values are calculated based on the following percentages for Urban, Rural and

Northern Municipalities:	2013	2011/12
Non-Arable Land	40%	40%
Other Agricultural	55%	55%
Residential/Seasonal	70%	70%
Multi-Unit Residential	70%	70%
Commercial and Industrial	100%	100%
Elevators	100%	75%
Railway R/W and Pipeline	100%	75%

THE FOLLOWING MUNICIPAL ASSESSMENT ROLLS WERE NOT CONFIRMED AS AT MARCH 1, 2014 FOR THE 2013 ASSESSMENT YEARS INDICATED. THEREFORE THEIR ASSESSMENT VALUES ARE NOT INCLUDED IN THE ADJOINING TABLES.

YEAR	MUNICIPALITY
2013	N. Town of La Ronge
	N. Village of Pelican Narrows
	N. Village of Sandy Bay
	R.M. of Blucher No. 343
	R.M. of Hazel Dell No. 335
	R.M. of Osborne No. 310
	Town of Hepburn
	Town of Maidstone
	Village of Broderick
	Village of Duff
	Village of Frobisher
	Village of Glaslyn
	Village of Kincaid
	Village of Margo
2011 / 2012	Village of Mistatim
	Village of Plunkett
	Village of Ruddell
	Village of Gladmar

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» SAMA REGIONAL OFFICES «

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Moose Jaw SK S6H 3J8

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North Battleford SK S9A 0Z5

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300, 333 - 25th Street East
Saskatoon SK S7K 0L4

Phone: 306.933.5385 Fax: 306.933.7997 Toll Free: 1.800.667.5203

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Swift Current SK S9H 4G3

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314 - 110 Souris Avenue
Weyburn SK S4H 2Z8

Phone: 306.848.2397 Fax: 306.848.2399 Toll Free: 1.800.498.0575

YORKTON

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Yorkton SK S3N 4C5

Phone: 306.786.1370 Fax: 306.786.1372 Toll Free: 1.800.498.0576

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